Information Technology Portfolios

11.1 ☒✎ Information technology portfolios and the budget request

IT project requests need to reflect the portfolio planning and management process

The Information Services Board (ISB) and the Legislature have adopted IT portfolios as the planning and management process for IT resources. The portfolio management process integrates agency strategic planning, technology planning, and the budget process. Significant information technology (IT) budget request items must be reflected in the agency's IT portfolio. As part of the budget process, agencies making budget requests for IT investments should do so in the context of their IT portfolios.

ISB policies regarding portfolio management are available at http://www.wa.gov/dis/portfolio. Agencies should contact their assigned Department of Information Services Senior Technology Management Consultant for assistance or additional information.

Agencies may also find valuable information and guidance on analyzing and building a business case for information system options at this Department of Information Services link: http://www.wa.gov/dis/isb/coresystem

Agencies should consider common system solutions first

From a state enterprise perspective, certain cross-agency business needs may best be met by collaborative IT initiatives built on joint requirements planning and IT solution development. State agencies should give priority to satisfying their system needs by way of common, central financial and administrative systems.

OFM Accounting and ISB approval is required for significant technology investments

OFM Accounting and ISB approval is required for "significant investments" in financial and administrative systems technology, defined as projects requiring six [as per SAAM 80.30.88.b] or more staff-months of effort. Through the approval process, OFM and the ISB will focus on four review areas:

1. Does a cost-effective central system solution exist?

2. Can your agency be more flexible in how its needs are met, or can a central system be modified in a cost-effective, timely way to meet your needs?

3. Can you achieve your objectives by creating an agency unique extension to a central system or central database rather than a completely new system?

4. Does a partnership opportunity exist where one or more other agencies can join with you to share in the creation of a new, shared system solution?

The agency must receive written approval from the OFM Assistant Director for Accounting before beginning any significant financial or administrative system development, enhancement, or acquisition, regardless of the funding source. This letter must accompany decision packages for significant financial systems funding.

OFM Accounting, in consultation with DIS, will respond with a decision within 60 days of receiving a complete submittal package. Possible outcomes include unqualified approval, approval with conditions (such as minimizing investments in certain aspects of a financial or administrative system, studying enterprise-wide or multiple agency systems as part of an IT feasibility study, or collaborating with OFM or other agencies during system development), or denial.

Agencies should be aware that, during the next three to five years, OFM, DOP and GA intend to make significant upgrades and enhancements to the state's enterprise-wide core financial and administrative systems, including Human Resources, Payroll, Labor Distribution, Cost Accounting, Allotments, Accounts Payable, Accounts Receivable, Purchasing, Asset Management, and Project and Grant Accounting. Requests for approval of systems with a primary or significant focus on these functions are likely to be denied or substantially restricted unless the proposals contribute to the improvement efforts of the enterprise-wide systems.

Additionally, if OFM Accounting finds that an agency lacks the information to determine whether a system will involve a significant investment in financial or administrative systems technology, the agency may be asked to study its needs further and resubmit its request at a later time.

For more information about the approval process, requirements, and evaluation criteria, please refer to Section 80.30.88 of the Statewide Accounting and Administrative Manual (SAAM) at http://www.ofm.wa.gov/policy/80.30.htm and the system approval page at http://www.ofm.wa.gov/systemsapproval/home.htm.

DIS will assist OFM Budget in evaluating certain IT budget requests

Agencies must send copies of completed decision packages that include any IT investments to <u>both</u> OFM Budget and DIS. The IT portfolio process requires that each proposed investment be rated for the severity and risk exposure that it creates. The severity and risk ratings range from 1 (the least severe and/or risky) to 3 (the most severe and/or risky). For more guidance, refer to the ISB portfolio management policies at <u>http://www.wa.gov/dis/portfolio</u>.

Each proposed investment rated level 2 or 3 will be formally evaluated by DIS. Each proposed investment rated level 1 will be informally evaluated by DIS. IT investments will be evaluated using the portfolio management principles in conjunction with the OFM budget process.

What additional information is needed for an IT investment decision package?

Agencies must include the severity and risk ratings worksheets with their IT investment decision packages.   The decision package must include an Investment Analysis section for each proposed new IT investment. While agencies may supply additional documentation in support of the proposal, the Investment Analysis section must include the following components:

Description

- Describe the proposed IT investment, including, but not limited to, expected customers and transaction volume, the nature of the business, and how the current process functions.

- Provide a copy of, or the electronic link to, the agency's most recent IT portfolio.

IT portfolio and business objectives

- Describe how this investment supports the agency's business objectives, including the business, policy, and technical case for the investment. Consider the business objectives, critical nature of the mission, and resulting efficiency gains in the context of the agency's IT portfolio, its strategic plan, and the recommendations of the Priorities of Government results teams. Also consider the relationship to the statewide technical infrastructure and architectural standards. If the investment was rated level 3, has the agency obtained ISB approval? If not, what are the agency's plans to seek ISB approval?

Digital government ▪ Describe how the investment supports the strategic use of the Internet in the delivery of government services. How would the investment change the experiences of the public, business partners, and employees in dealing with the agency? How does the investment improve open electronic access to agency information? How does the investment address the Digital Divide?

If the proposal is related to an e-commerce project – an application accepting or disbursing funds or benefits electronically – the agency may be required to prepare an Economic Feasibility Study (EFS). If required, a copy of the approved EFS must be included. For more information on EFS requirements, please refer to the State Administrative and Accounting Manual at http://www.ofm.wa.gov/policy/40.htm.

Cost-benefit analysis ▪ Describe the cost and benefits for the proposed investment. Include all investment costs including internal resources, which means that the dollar figures may differ from those in the funding request. Agencies should also explain how the cost-benefit analysis supports the investment decision. Describe the assumptions used and how costs were estimated. Describe the breadth of benefits that accrue in terms of the number of citizens or state and local agencies or programs affected. Document expected benefits in terms of increased revenue, cost savings, cost avoidance, and/or increased efficiencies from the investment.

Technological feasibility ▪ Describe the relationship of the investment to the agency's IT infrastructure. Does it move the agency toward mainstream and state architecture? Describe the agency's track record of success with the proposed technology. How was the proposed technology selected and what alternatives were considered? Does the agency have the IT capacity and resources to support the result of this investment? If not, does the investment provide the required IT capacity?

Project management ▪ Describe the approach to manage the investment project, including critical success factors, the securing of executive sponsorship, the use of external contractors, the application of continuous risk management techniques, and the development of both a communications plan and a high-level organization plan with assigned roles and responsibilities.

Support for statewide data coordination objectives	▪ Describe the process for coordinating with other state agencies and other levels of government when appropriate. Describe the proposed information you share in common with other agencies and how your project will help to make the data seamless and comparable, and/or improve the accuracy, integrity, value, or usefulness of the information.
Additional item for enterprise-wide application investments	▪ Describe the process for collaborating with the other agencies involved, the statewide group you are working with, and the lead agency. Where will the enterprise-wide application be hosted and who will provide ongoing maintenance and support? Describe the funding plan, including your agency's percentage of the total application cost, what happens if other agencies' portions of the investment are not funded, and the source of funds for ongoing maintenance and support. If this decision package replicates all or part of an existing or proposed enterprise-wide investment but is not a part of that effort, explain why**.**

What criteria will DIS use to evaluate IT investments?

DIS will use the following criteria to evaluate requests to fund new IT investments:

- Is the investment consistent with statewide and agency portfolio and business objectives?

- How well does the investment support the objectives of digital government?

- Does the agency present a sound business and technical case for the investment?

- Is the investment technically feasible?

- Are the estimates for costs, benefits, and schedule reasonable?

- How feasible is the approach to managing the investment?

- Does the investment demonstrate a high probability of contributing to the success of the agency?

- Does the investment demonstrate a high probability of contributing to and/or benefiting from an enterprise-wide solution?

- Has the proposal been coordinated with other state agencies using similar data?

The DIS evaluation will occur within the period established by OFM for decision package review. DIS will formally document and forward its evaluation and recommendations for level 2 and 3 investments to OFM and copy the requesting agency director. DIS will notify OFM of its recommendations for level 1 investments.

Submittal checklist

In summary, here are items required to be included in the agency budget submittal for IT project-related decision packages. These elements must be sent to both OFM and DIS.

- Decision package
- DIS risk and severity assessment
- IT portfolio (either link to an electronic plan or hard copy)
- OFM systems approval letter (if applicable)
- OFM economic feasibility study (if applicable)
- Other supporting documentation (if applicable)